



ZEBRA

THE JOURNEY TO EFFICIENCY

THREE STEPS TO PROFITABLE CLICK & COLLECT



Is your Click & Collect profitable?

Click & Collect is inarguably a high-profile undertaking: it carries more brand impact than traditional channels as it critically relies on customers being able to take delivery of their goods quickly and accurately.

Today, nearly all retailers understand the reasons why they should offer a Click & Collect service, which include increased online conversion, the opportunity to sell an extended product range online and the chance to upsell at point of collection.

Another extremely important factor is competition – when other retailers are offering this, you cannot afford to be left behind. From the customer point of view, Click & Collect means no need to be inconvenienced by home deliveries, ease-of-return to store and - above all - being able to get their hands on their orders quicker.

In the race to deliver an integrated omni-channel experience, most retailers are in fact already offering Click & Collect alongside other fulfilment options. But the experience of many – with Click & Collect being rapidly, exponentially embraced – means it has grown faster than retailers can keep up. The incremental expenses involved means that most retailers are struggling to make it profitable.

The reasons for this are many and various, but primarily lie in the inescapable fact that instore collection is much more complex than e-commerce home delivery, with many added steps to the process including picking from store stock, putting away, customer recognition and order locating.

“ *By 2021, 90% of retailers expect to offer a ‘buy online or mobile, pick up in store’ service.* ”

Source: 2016 Zebra Vision Study

So the focus is changing from *implementing* to *optimising* the Click & Collect offering. And in order to deliver leading-edge fulfilment, retailers need best-in-class technology.

This eBook looks at three steps to Click & Collect heaven, with clear examples of best practice and case studies around how leading retailers have made Click & Collect work for them – profitably.



ZEBRA

STEP ONE

PERFECT THE PROCESS

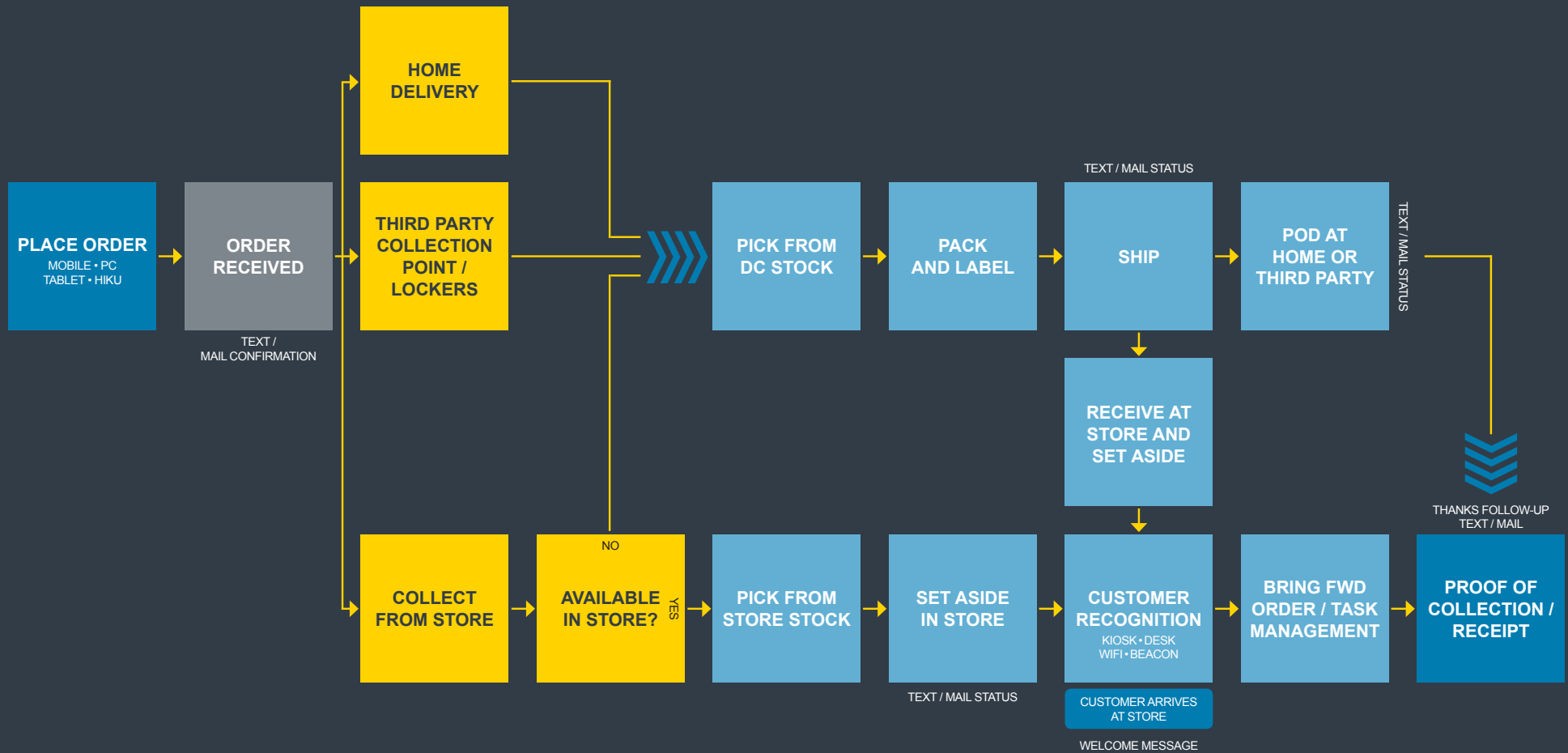
"We've just spent the last 3 months designing the ultimate fulfilment process so our company can roll out Click & Collect (collecting in your stores within 3 days).

My boss has just told me the competition have launched their Click & Collect and they offer a 1 day service. We need to match it!"



What Should the Ideal Click & Collect Process Look Like?

THE CLICK & COLLECT PROCESS



What are the building blocks you need in place?

REAL-TIME INVENTORY VISIBILITY

When customers choose Click & Collect, the right systems need to be in place to drive and then fulfil them seamlessly and successfully. Associates and systems have to share accurate real-time inventory visibility in order to manage orders effectively.

Without this visibility, online orders collected in store will have to be picked at the warehouse and handled as special items, adding handling costs to this fulfilment option, costs that may make Click & Collect unprofitable.

This means that systems need to be able to accurately identify the correct location of every product across the business – whether in stores, warehouses or distribution centres. Multiple technologies may need to be utilised here from simple scanning and cycle counts to RFID as appropriate.

RECEIVING AREAS IN STORE

There needs to be a clear and well-enforced delineation of the areas where goods are received in-store. This may include stock-rooms and loading bays, but will also include areas on the shop floor for

returns. These areas need to be properly equipped with scanners, rugged mobile devices, and handheld mobile printers. And they need to be able to rely on a robust wireless network.

Guided receiving and putaway solutions and processes are essential to maintaining smooth and accurate operations. These will allow associates to access accurate, real-time information about what was received, when it was received, and the shape it was in. Enabling associates to quickly reconcile received merchandise on hand reduces inventory loss and thereby improves profitability.

All of this will also depend on the chosen **store model** – Most retailers will have models that allow for picking from floor stock, but many will only fulfil from warehouse stock. Some of the bigger retailers now run “dark stores” which are similar to conventional stores but not open to the public, used exclusively by retail staff to pick online orders.



What are the building blocks you need in place? (continued)

CONNECTED IT SYSTEMS

One of the most common causes of fulfilment failure occurs when **silos** of information are allowed to develop. Because of the nature of Click & Collect, “best guess” about current stock and timings of deliveries isn’t good enough: it’s no longer about managing batch deliveries, it’s about accurate real-time visibility at the level of *each* specific item.

The nodes of your fulfilment network (store, warehouse, distribution centre, manufacturer direct etc) offer different speeds and capabilities, so it is critical to understand how orders flow through the process, and for systems to be properly joined-up.

In order to provide a joined up service you need joined up thinking – wherever an item is and whatever channel a customer enquiry comes from, retailers need a single, accurate version of the truth. IT systems need to be connected, and the wireless network needs to be secure and reliable.

PRICE MANAGEMENT

One of the key benefits of ensuring connected IT systems is the ability to supply consistent pricing. A key lesson of the omni-channel era is that inconsistency in pricing is frowned upon by customers. If customers have bought something online for one price and then see it cheaper instore they are likely to see the retailer less favourably. And they are likely to return one of the items for the cheaper price or request the difference.

Guaranteeing consistent pricing across channels isn’t easy, especially for retailers that want to be agile and quickly responsive in making changes to prices. It is therefore important to invest in solutions to efficiently manage pricing changes both online and in store. These can range from a simple mobile computer plus handheld printer to sophisticated price management execution solutions and electronic shelf edge labels.

SETTING THE RIGHT SPEED

The practical considerations you need to address depend on how quick a service you need to offer, which will inform how often you deliver to store. You have to ensure your solution *fits your customer promise*. Retailers need to ask what’s important for them: this might be providing 4-hour Click & Collect, for example.

Ultimately, in these days of focusing on customer experience and being flexible enough to move with consumer behaviour, delivering outstanding Click & Collect means creating a two-way process in which the customer promise informs the fulfilment solution, and vice-versa. It all starts with a clear, shared vision, which is used to build the correct purpose-built solution.



ZEBRA

STEP TWO

FINE-TUNE FULFILMENT

“6 months ago we put in place a very successful Click & Collect service. In fact its growth has been non-stop and now a significant proportion (nearly one fifth) of our sales are Click & Collect. Unfortunately it’s more expensive to fulfil with lower margins and these lower margins are now pulling down the group performance and the board are looking to me to drive down the costs of Click & Collect.”



Getting in-store right - for staff and customers

It is no simple matter to offer Click & Collect. Even harder is to ensure it is *profitable*. This is because the additional operations required to support Click & Collect add both cost and complexity.

To attain this profitability you therefore need to look at each area in turn and examine how you can reduce costs.

PICKING EFFICIENCY AND ACCURACY

Warehouses and Distribution Centres are fertile ground for driving efficiencies. Making a time saving of only a second per item adds up to a huge saving annually. Optimising picking and packing technology and processes is also central to good multichannel ROI. Technologies like the latest wearable mobile computing solutions combined with multi-modal picking solutions can help accomplish this. They also offer the pick accuracy requirement to ensure successful fulfilment and can be adapted for increasing the accuracy of items picked in store.

SHIPMENT STAGING

At the warehouse, when pickers move products from the warehouse to staging areas, they often need to combine items before the entire order is complete to avoid the cost of multiple shipments. Solutions which

provide visibility on the status and location at the item level are important.

PACK AND LABEL

Handheld mobile printers can hugely increase productivity as they mean less walk time, while the ability to print anytime and anywhere means increased flexibility. Printing on demand also means fewer errors as the labels have less opportunity to be damaged or compromised.

RECEIVING IN STORE

Technologies such as mobile computers and barcode scanners can help accurately receive goods in store, whilst RFID readers provide a way of automating this process. Returned goods require goods receipt labels, and labels for processing and potential re-shipping. Ensuring these labels are done at the point or return with mobile, high print-quality handheld printers saves time and minimises error.

PROOF OF DELIVERY

Today it is easier than ever to keep tabs on delivery: mobile technology gives drivers the ability to scan packages to dynamically record their deliveries, electronically capture signatures or even take photos for proof of delivery.



Getting in-store right - for staff and customers

ROUTE OPTIMISATION

Advanced route optimisation algorithms have been repeatedly proven to reduce transport costs by anything from 20%-45%. The ability to intercept drivers en route and make real-time changes is also an important factor.

CUSTOMER RECOGNITION

Nothing is more frustrating to a customer than to encounter seconds or minutes of delay while associates identify them or their orders. The right technology, from interactive kiosks to guest presence solutions such as beaconing or wireless LAN, can guarantee the speedy recognition and aid both customer satisfaction and the bottom line.

ORDER LOCATING

Hand-in-hand with customer recognition is order locating. Staff in-store need to be able to identify – immediately and accurately – where a given order is located and bring it forward for the customer. Needless to say, customers don't expect to be kept waiting.

WORKFORCE COMMUNICATIONS

Immediate communication is key to avoiding the small delays that cumulatively make a large dent in profits. Zebra technology allows workers to instantly contact a co-worker or a dispatch group with voice, push-to-talk services and text messaging.

GET THE SYSTEMS RIGHT AND THE REST WILL FALL INTO PLACE

Ensuring the back-end technology is right means that goods can be found quickly and accurately, which then helps deliver Click & Collect best practices at the customer experience end: guaranteed speedy, no-fuss collection, with queues kept to a minimum, consistency across touchpoints, and “single view of the customer”-driven personalisation.

ANTICIPATING INNOVATION

Above all, your systems have to be flexible enough to empower enhancements to your Click & Collect offerings and processes and take things to the next level. You cannot be expected to know today what the future may hold – a move to 4-hour Click & Collect from next-day, for example, or enabling kerbside pickup or in-store smart lockers, possibly even smart sensing capabilities. But your systems must be agile enough for you to be confident saying “yes”.

“The inventory held in store, when utilized effectively and supported by the right in-store logistics solutions, can enable improved fulfilment offerings and delivery times. Stores provide proximity to the consumer, and a wider variety of touchpoints than available through pure online retail.”

By leveraging the store network, as well as the inventory available in their DCs, multichannel retailers can deliver stock from the closest inventory holding point to the consumer, speeding up delivery times, expanding fulfilment offerings, ensuring the widest possible product offering to consumers and reducing their total inventory held. ”

Thomas O'Connor, Principal Research Analyst, Gartner

Fine-tune fulfilment

CASE STUDY: JOHN LEWIS

John Lewis increases Click & Collect capacity by 30% with Zebra

John Lewis already runs a successful Click & Collect service, which includes giving customers the option of collecting John Lewis orders from any Waitrose store, next-day. But they needed to improve efficiency and capacity of the service, with new technology.

John Lewis needed to manage increased demand for storing and locating orders with multiple parcels at busy times of the year, such as Christmas. They needed a solution that would enable staff to use storage space more efficiently when an order with multiple parcels arrived, and to help find parcels more quickly when customers came to collect them.

The new system enabled the following:

- When parcels come in to a shop as part of a multiple order, a shop assistant scans the barcode of each item. The mobile computer displays details of the full order, including where the previous item in the order

has been stored. This means that, if the new item is a similar size, it can be stored with the previous item – an efficient use of space.

- The partner places the item in a storage unit and scans the barcode on the unit to record where it has been stored. This information is then relayed via a wireless network to the central database.
- When a customer comes to collect their parcel, the partner enters the order number into the scanner and the storage unit location is displayed, making it easy to find all the parcels in the order.

JOB DONE

Over the Christmas peak, orders were dealt with smoothly and efficiently in all Waitrose stores. Store associates found the Zebra MC55A mobile computers robust, reliable and easy to use, with large clear screens and a comfortable grip.

Overall M-Netics software and Zebra handheld scanners enabled John Lewis to expand its Click & Collect capacity by 30%.





ZEBRA

STEP THREE

REMOVE THE PAIN FROM RETURNS

“The success and growth of Click & Collect has added to the growth in returns to the store that we were seeing. This is a growing headache for the stores and for logistics and I have been asked to find a way to alleviate it.”



MORE ONLINE SALES MEANS MORE RETURNS: RETAILERS NEED TO MAKE THIS EASY FOR CUSTOMERS

The explosion in returns isn't just about the added *volume* of sales driven by omni-channel, it's about a real change in customer mindset. KPMG's Omni-channel Retail Survey 2016 revealed that 23% of fashion returns were intentional - customers are "taking the fitting room home", buying duplicate items to try multiple sizes or colours at home, always with intent to return some of the order.

72% would be unlikely to shop with a retailer if they had a bad returns experience

78% would be unlikely to shop with a retailer if they charged postage for returns

It's important that retailers can handle returns in a way that satisfies the customer but minimises costs and gets stock back into circulation again as quickly as possible.

With stock going out and being returned through a variety of channels, retailers need to be on top of their inventory

management. Knowing where returned stock is, and where it is needed, is important for accelerated order fulfilment and to reduce unnecessary stock holding.

“ With returns often being viewed as the ‘biggest supplier’ in terms of inbound volumes, this places pressure on the reverse supply chain - retailers and brands should consider cost to serve both in terms of delivery and returns. ”

KPMG, Omni-channel Retail Survey 2016

Returns may be ready to go straight back on-shelf. This means less replenishment needed and improved availability for customers wanting these items. **In-store re-labelling** (even with RFID encoding) and **scanning back into the stock file** efficiently keeps the wider stock picture up to date and reduces the risk of overstocking.

Developing improved Click & Collect processes may enable retailers to reduce the number of returns through the encouragement of customers to use in-store fitting rooms when they collect. Even so, returns are inevitable so retailers need to deliver customer convenience in the returns process:

- Always enable shoppers to return goods to their nearest store
- Ensure store revenues are not negatively impacted by returns
- Return sellable goods to stock as soon as possible
- Enable shoppers to return through any channel (in-store, lockers, pick-up)
- Scan goods back in using scanners, mobile computers or RFID
- Use inventory visibility to send goods where they are needed
- Confirm receipt by email, text or app as the customer prefers
- Ensure robust guest wi-fi to keep customers connected in your store

DEDICATED AREAS

Interactive kiosks are increasingly popular with store customers. While these can be used by customers to get answers to questions and check stock availability, they can also be used to manage returns, which can be facilitated through enabling barcode scanning, label printing, bagging and parcel dropbox all within the kiosk. This helps you create personalised experiences that improve the customer experience and keep customers coming back.

THE SEASONAL IMPERATIVE

A great deal of retail logistics is about coping with the “extreme seasonality” of Christmas or indeed Black Friday. No-where is this more important than in Returns, where Boxing Day can see long queues of people eager to return or exchange gifts.

THE DATA DIVIDEND

The returns touchpoint offers great opportunity for enhanced customer engagement and upsell, as well as the opportunity for richer data capture. Real-time advanced analytics can define insights around customers and stock: What is being returned most frequently? By who? Why?

Analytics can help retailers gain a granular and speedy insight into the fluctuations of consumer demand – and therefore *product* demand. Understanding demand better can aid the supply chain in more effectively positioning goods – at stores or in distribution centres – which ultimately helps improve speed to fulfil and profitability in doing so.

“ By mid-December, £600m worth of stock bought between Black Friday and December will be tied up in the returns system, preventing retailers from selling the items during the crucial sales season.”

‘Clear Returns’, The Telegraph

Use Click & Collect to drive competitive advantage

There's no end in sight to the growth in online shopping – it's here to stay, and getting bigger. And right now is the right time to get your Click & Collect right, because according to Duddle, the average online shopper in the UK is increasingly dissatisfied with home delivery:

84% of consumers say it's infuriating having to wait at home for a delivery to arrive

70% strongly dislike queuing at a Post Office for a missed delivery or return

50% have abandoned online purchases because of poor delivery options

21% have missed more than 5 parcels in the last 12 months

DON'T NEGLECT BEST-PRACTICE

With retail margins ever tighter, Click & Collect allows bricks and mortar retailers to win back competitive advantage over 'pure play' online providers. But with fulfilment costs running up to four times higher in multichannel than for traditional channels, the in-store systems and processes at the sharp end of fulfilment must not let the retailer down. Here are some thoughts to bear in mind:

COMMUNICATION IS KEY

From making an order all the way through to possible returns and refunds, it's imperative to provide regular alerts and reminders, either by text or email as the customer chooses. This is an opportunity for richer data capture and to put personalisation into practice.

EAST, WEST – HOME IS BEST

Retailers should always allow customers to check stock, by local store(s), early in the purchase process. Providing an easy-to-use Store Locator is important, alongside other possible map / location services. For regular/repeat customers, retailers should let them designate a 'home' store.

GET TEAMWORK RIGHT WITH THE RIGHT INCENTIVES

For some retailers, Click & Collect revenues sit solely with the online teams, leaving in-store staff dis-incentivised to manage the added work of fulfilling this. Ensuring that financial performance ownership is shared across teams is crucial to avoid silos or conflicts of interest across channels.

BE AGILE, BUT DON'T AIM FOR "FUTURE-PROOFING"

Many retailers expect customers to behave as they have in the past, whereas disruption can change everything. Such retailers find that fulfilment capabilities fail to address shifting consumer demand or competitive business models. Retailers need flexibility to deal with changing market conditions.

Talk to Zebra about optimising your omni-channel fulfilment.

Click & Collect has forced some retailers to raise their game. But if it's at the expense of margin, then it's not sustainable in the medium and long-term. Those retailers who use efficient fulfilment as their "secret weapon" are the ones who will pull ahead of the competition. At Zebra we know how Click & Collect should be done, because we've been on the journey with retailers who have done it.

For more information on Zebra's retail solutions, please visit

WWW.ZEBRA.COM/CLICK-AND-COLLECT

Or alternatively [CLICK HERE](#) to contact us



EMEA Headquarters | zebra.com/locations | [contact us here](#)

©2017 ZIH Corp and/or its affiliates. All rights reserved. Zebra and the stylized Zebra head are trademarks of ZIH Corp, registered in many jurisdictions worldwide. All other trademarks are the property of their respective owners. 02/2017